

**RESOLUTION NO. 03-50****RESOLUTION OF THE BOARD OF TRUSTEES OF THE VICTOR VALLEY UNION HIGH SCHOOL DISTRICT REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN BERNARDINO TO ISSUE NOT TO EXCEED \$7,000,000 PRINCIPAL AMOUNT OF TAX AND REVENUE ANTICIPATION NOTES FOR FISCAL YEAR 2003-2004, APPROVING DISTRIBUTION OF OFFICIAL STATEMENT, NOTICE OF SALE AND BID FORM AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO**

WHEREAS, school districts organized and existing under the laws of the State of California are authorized by Article 7.6 (commencing with Section 53850) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the "Law") to borrow money by the issuance of temporary notes, the proceeds of which may be used and expended for any purpose for which the school district is authorized to spend moneys; and

WHEREAS, pursuant to the Law, such notes shall be issued in the name of such school districts by the board of supervisors of the county, the county superintendent of which has jurisdiction over such school district, as soon as possible following receipt of a resolution of the governing board of such school district requesting such borrowing; and

WHEREAS, the Board of Trustees (the "District Board") of the Victor Valley Union High School District (the "District") has determined that it is desirable that the District borrow funds in an amount not to exceed \$7,000,000 with respect to fiscal year 2003-2004 for authorized purposes of the District, and to issue notes (the "Notes") under the Law for that purpose; and

WHEREAS, such Notes are payable twelve months after their date of delivery, but as required by Section 53854 of the Act, such date shall not be later than fifteen months after the date of issue, and such Notes shall be payable only from revenue received or accrued during the fiscal year 2003-2004 in which issued; and

WHEREAS, such Notes may not bear interest to exceed twelve percent (12%) per annum, as permitted by Section 53531 of the Act, notwithstanding Section 53854 of the Act; and

WHEREAS, pursuant to Section 53856 of the Act, the District may pledge any taxes, income, revenue, cash receipts, or other moneys of the District deposited in inactive or term deposits (but excepting certain moneys encumbered for a special purpose); and this Resolution specifies that certain Unrestricted Revenues, as hereinafter defined, which will be received by the District for the General Fund of the District during or allocable to fiscal year 2003-2004 are pledged for the payment of the Notes; and

WHEREAS, the Notes shall be a general obligation of the District, and to the extent not paid from the taxes, income, revenue, cash receipts, and other moneys of the District pledged for the payment thereof, shall be paid with interest thereon from any other moneys of the District lawfully available therefor, as required by Section 53857 of the Act; and

WHEREAS, the Notes shall be in denominations of \$5,000 or integral multiples thereof, as permitted by Section 53854 of the Act; shall be sold on the date provided in the Official Notice of Sale, as permitted by Section 53853 of the Act; and shall be in the form and executed in the manner prescribed in this Resolution, as required by Section 53853 of the Act; and

WHEREAS, the District Board has found and determined that said \$7,000,000 maximum principal amount of Notes to be issued by the Board of Supervisors of San Bernardino County (the "County Board") in the name of the District in fiscal year 2003-2004, when added to the interest payable thereon, does not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue (including, but not limited to, revenues from state and federal governments), cash receipts and other moneys of the District which will be available for the payment of the Notes and interest thereon, as required by Section 53858 of the Act; and

WHEREAS, the District Board has found and determined that the Notes will not be outstanding after a period ending twelve months after the date on which such Notes are issued, will not be issued to finance a working capital expense and will be repaid within the time period required as provided in the Income Tax Regulations of the United States Treasury; and

NOW, THEREFORE, BE IT RESOLVED by the District Board as follows:

**Section 1. Recitals True and Correct.** All of the recitals herein set forth are true and correct, and the District so finds and determines.

**Section 2. Authorization of Issuance of Notes; Terms Thereof; Paying Agent.** The District Board hereby requests the County Board to issue in the name of the District, an amount not to exceed \$7,000,000 principal amount of Notes under Sections 53850, et seq., of the Act, designated "Victor Valley Union High School District, San Bernardino County, State of California, 2003-2004 Tax and Revenue Anticipation Notes (the "Notes"); to be numbered from 1 consecutively upward in order of issuance; to be in the denominations of \$5,000, or integral multiples thereof, to be dated the date of delivery thereof; to mature (without option of prior redemption) twelve months after said date of delivery, or if such date is not a day on which banks in New York or California are open for business, on the last day prior to such date; and to bear interest, payable at maturity and computed on a 30-day month/360-day year basis, at the rate or rates determined at the time of sale thereof, but not in excess of twelve percent (12%) per annum. Subject to Section 4 hereof, both the principal of and interest on the Notes shall be payable, only upon surrender thereof, in lawful money of the United States of America at the principal office of the County of San Bernardino Auditor-Controller/Treasurer-Tax Collector, San Bernardino, California, which is hereby designated by this Board as the paying agent for the Notes (the "Paying Agent").

**Section 3. Deposit of Note Proceeds; No Arbitrage.** The moneys so borrowed shall be deposited in the Treasury of the County of San Bernardino (the "County") in a proceeds fund to the credit of the District to be withdrawn, used or expended by the District for any purpose for which it is authorized to invest or expend funds from the general fund of the District, including, but not limited to, current expenses, capital expenditures or the discharge of any obligation of indebtedness of the District. The District hereby covenants that it will make no use of the proceeds of the Notes that would cause the Notes to be "arbitrage bonds" under Section 148 of the Code; and, to that end, so long as any of the Notes are outstanding, the District, and all of its officers having custody or control of such proceeds, shall comply with all requirements of (a) said section, including restrictions on the use and investment of proceeds of the Notes and the rebate of a portion of investment earnings on certain amounts, including proceeds of the Notes, if required, to the Federal government, and (b) of the Income Tax Regulations of the United States Treasury promulgated thereunder or any predecessor provisions, to the extent that such regulations are, at the time, applicable and in effect, so that the Notes will not be "arbitrage bonds."

**Section 4. Payment of Notes.**

(a) **Source of Payment.** The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts, and other moneys which are received by the District during fiscal year 2003-2004 and which are available therefor. The Notes shall be a general obligation of the District, and, to the extent the Notes are not paid from the Pledged Revenues defined below, the Notes shall be paid with interest thereon from any other moneys of the District lawfully available therefor, as provided herein and by law.

(b) **Pledged Revenues.** As security for the payment of the principal of and interest on the Notes, the District hereby pledges and covenants to deposit in the "Repayment Fund," as hereinafter defined, an amount equal to 40% of the principal amount of the Notes, from the first "Unrestricted Revenues" (as hereinafter defined) to be received in January, 2003; an amount equal to 40% of the principal amount of the Notes, from the first Unrestricted Revenues to be received in April, 2003; and an amount equal to 20% of the principal amount of the Notes, plus an amount equal to all interest due on the Notes at maturity, from the first Unrestricted Revenues to be received in May, 2003 (such pledged amounts being hereinafter called the "Pledged Revenues"). The term "Unrestricted Revenues" shall mean taxes, income, revenue, cash receipts and other money of the District as provided in Section 53856 of the Act, which are intended as receipts for the general fund of the District and which are generally available for the payment of current expenses and other obligations of the District.

The principal of the Notes and the interest thereon shall be a first lien and charge against and shall be payable from the first moneys received by the District from such Pledged Revenues, as provided by law.

In the event that there are insufficient Unrestricted Revenues received by the District to permit the deposit into the Repayment Fund, as hereinafter defined, of the full amount of Pledged Revenues to be deposited from Unrestricted Revenues in any month on the last business day of such month, then the amount of any deficiency shall be satisfied and made

up by the District from any other moneys of the District lawfully available for the repayment of the Notes and the interest thereon.

(c) The Auditor-Controller/Treasurer-Tax Collector is hereby authorized to create a special fund on behalf of the District separate and distinct from all other County and District funds and accounts designated the "Victor Valley Union High School District 2003-2004 Tax and Revenue Anticipation Notes Repayment Fund" (the "Repayment Fund") and applied as directed in this Resolution. Any money placed in the Repayment Fund shall be for the benefit of the holders of the Notes, and until the Notes and all interest thereon are paid by the District or until provision has been made for the payment by the District of the Notes at maturity with interest to maturity, the moneys in the Repayment Fund shall be applied solely for the purposes for which the Repayment Fund has been created.

(d) **Covenant Regarding Additional Short-Term Borrowing.** The District hereby covenants and warrants that it will not request the County Auditor-Controller /Treasurer-Tax Collector (in such capacity, the "County Treasurer") to make temporary transfers of funds in the custody of the County Treasurer to meet any obligations of the District during the 2003-2004 fiscal year pursuant to the authority of Article XVI, Section 6, of the Constitution of the State of California or any other legal authority.

**Section 5. Book-Entry Only System.** "CUSIP" identification numbers shall be imprinted on the Notes, but such numbers shall not constitute a part of the contract evidenced by the Notes and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Notes. In addition, failure on the part of the District to use such CUSIP numbers in any notice to registered owners of the Notes shall not constitute an event of default or any violation of the District's contract with such registered owners and shall not impair the effectiveness of any such notice.

Except as provided below, the owner of all of the Notes shall be The Depository Trust Company, New York, New York ("DTC"), and the Notes shall be registered in the name of Cede & Co., as nominee for DTC. The Notes shall be initially executed and delivered in the form of a single fully registered Note in the full aggregate principal amount of the Notes. The District may treat DTC (or its nominee) as the sole and exclusive owner of the Notes registered in its name for all purposes of this Resolution, and the District shall not be affected by any notice to the contrary. The District shall not have any responsibility or obligation to any participant of DTC (a "Participant"), any person claiming a beneficial ownership interest in the Notes under or through DTC or a Participant, or any other person which is not shown on the register of the District as being an owner, with respect to the accuracy or adequacy of any records maintained by DTC or any Participant or the payment by DTC or any Participant by DTC or any Participant of any amount in respect of the principal or interest with respect to the Notes. The District shall pay all principal and interest with respect to the Notes only to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to the principal and interest with respect to the Notes to the extent of the sum or sums so paid. Except under the conditions noted below, no person other than DTC shall receive a Note. Upon delivery by DTC to the District of written notice to the effect that DTC has determined to

substitute a new nominee in place of Cede & Co., the term "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

If the District determines that it is in the best interest of the beneficial owners that they be able to obtain Notes and deliver a written certificate to DTC to that effect, DTC shall notify the Participants of the availability through DTC of Notes. In such event, the District shall request the Board to issue, transfer and exchange Notes as requested by DTC and any other owners in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Notes at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the District shall request the Board to deliver Notes as described in this Resolution and the Issuance Resolution (as defined in Section 14 hereof). Whenever DTC requests the District to do so, the District will cooperate with DTC in taking appropriate action after reasonable notice to (a) make available one or more separate Notes evidencing the Notes to any DTC Participant having Notes credited to its DTC account or (b) arrange for another securities depository to maintain custody of Certificates evidencing the Notes.

Notwithstanding any other provision of this Resolution to the contrary, so long as any Note is registered in the name of Cede & Co., as nominee of DTC, all payments by the District with respect to the principal and interest with respect to such Note and all notices with respect to such Note shall be made and given, respectively, to DTC as provided as in the representation letter of the District delivered on the date of issuance of the Notes.

**Section 6. Sale of the Notes.** The Notes will be sold by competitive bid and awarded as set forth in an Official Notice of Sale which the Financial Advisor and the Assistant Superintendent, Business Services of the District are hereby authorized to prepare, consistent with this Resolution. The Assistant Superintendent, Business Services is hereby directed to cause Jones Hall, as bond counsel to the District, to arrange for the publication of a notice of intention of the sale of the Notes in *The Bond Buyer*, at least 15 days before the sale of the Notes.

The Assistant Superintendent, Business Services of the District is hereby directed to execute, and the Clerk of the District is directed to publish, the Official Notice of Sale. The Assistant Superintendent, Business Services is hereby authorized and directed to open the bids at the time and place specified in the Official Notice of Sale. The Assistant Superintendent, Business Services is hereby authorized and directed to receive and record the receipt of all bids made pursuant to the Official Notice of Sale, to cause said bids to be examined for compliance with the Official Notice of Sale, to cause computations to be made as to which bidder has bid the lowest net interest cost, as provided in the Official Notice of Sale, to announce the bidder of the lowest net interest cost, and to award the sale to said bidder, and to notify this Board and the County Board of the foregoing in accordance with this resolution and that of the County Board.

**Section 7. Transfer of Notes.** Any Note may, in accordance with its terms, but only if the District determines to no longer maintain the book entry only status of the Notes, or if DTC determines to discontinue providing such services and no successor securities depository is named or DTC requests the District to deliver Note certificates to particular

DTC Participants, be transferred, upon the books required to be kept pursuant to the provisions of Section 8 hereof, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Note for cancellation at the office of the District, accompanied by delivery of a written instrument of transfer in a form approved by the District, duly executed.

Whenever any Note or Notes shall be surrendered for transfer, the District shall have the Board execute and deliver a new Note or Notes, for like aggregate principal amount.

**Section 8. Note Register.** The District shall keep or cause to be kept sufficient books for the registration and transfer of the Notes if the book entry only system is no longer in effect and, in such case, the District shall register or transfer or cause to be registered or transferred, on said books, Notes as herein before provided. While the book entry only system is in effect, such books need not be kept as the Notes will be represented by one Note registered in the name of Cede & Co., as nominee for DTC.

**Section 9. Limitation on Maximum Amount.** The principal amount of notes issued pursuant hereto, when added to the interest payable thereon, shall not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, revenue and other moneys of the District for the General Fund of the District attributable to Fiscal Year 2003-2004, and available for the payment of said notes and the interest thereon (as hereinafter provided).

**Section 10. Official Statement.** The facts contained in the Official Statement are true and correct in all material respects and the Official Statement contains no untrue statement of a material fact necessary to make a statement therein not misleading in the light of the circumstances under which it was made, provided, however, that the Official Statement does not contain a final interest rate on the Notes. The District hereby acknowledges that the County has not approved the District's Official Statement, and the County does not accept any responsibility for the accuracy or adequacy of the statements contained therein.

**Section 11. Authorization to Make Corrections.** The President of the Board of Trustees of the District, the Superintendent of the District, the Assistant Superintendent and other qualified officers of the District are separately authorized to approve corrections and additions to the Official Statement by supplement or amendment thereto, or otherwise as appropriate, provided that any such corrections or additions shall be necessary to cause the information contained therein to conform with facts material to the Notes or to the proceedings of the District and the Board, or such corrections or additions are in form rather than substance.

**Section 12. Further Authorization.** The Superintendent of the District and the Assistant Superintendent of the District are separately authorized and directed to execute said Official Statement and a statement that the facts contained in the Official Statement, and any supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the Notes, true and correct in all material respects and that the Official Statement did not, on the date of sale of the Notes, and does not, as of the date of delivery of the Notes, contain any untrue statement of a

material fact with respect to the District or omit to state material facts with respect to the District required to be stated where necessary to make any statement made therein not misleading in the light of the circumstances under which it was made. The Superintendent of the District and the Assistant Superintendent of the District shall take such further actions prior to the signing of the Official Statement as are deemed necessary or appropriate to verify the accuracy thereof.

**Section 13. Approval of Action Taken.** All actions heretofore taken by the officers and agents of the District with respect to the sale and issuance of the Notes are hereby approved, and the President and Clerk of the Board of Trustees of the District, and the Superintendent and Assistant Superintendent, Business Services, of the District and any and all other officers of the District are hereby authorized and directed for and in the name and on behalf of the District, to do any and all things and take any and all actions relating to the execution and delivery of any and all certificates, requisitions, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes in accordance with the Board of Supervisors' Resolution and this resolution.

**Section 14. Approval of Board of Supervisors' Resolution.** The resolution entitled "Resolution of the Board of Supervisors of the County of San Bernardino Providing for the Borrowing of Funds for Victor Valley Union High School District for Fiscal Year 2003-2004 and the Issuance of Victor Valley Union High School District 2003-2004 Tax and Revenue Anticipation Notes Therefor In An Amount Not To Exceed \$7,000,000, Authorizing and Directing Certain Actions With Respect Thereto" (the "Issuance Resolution") in substantially the form presented to the Board of Trustees at this meeting, together with any additions to or changes therein deemed necessary or advisable by the Board of Supervisors and the Superintendent of the District or his authorized designee, is hereby approved.

**Section 15. Tax Covenants.**

(a) No Arbitrage. The District shall not take, nor permit nor suffer to be taken any action with respect to the proceeds of the Notes which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Notes (the "Closing Date") would have caused the Notes to be "arbitrage bonds" within the meaning of section 148 of the Internal Revenue Code of 1986 (the "Code").

(b) Rebate Requirement. The District shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government.

(c) Private Activity Bond Limitation. The District shall assure that proceeds of the Notes are not so used as to cause the Notes to satisfy the private business tests of section 141(b) of the Code.

(d) Federal Guarantee Prohibition. The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Notes to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(e) Maintenance of Tax-Exemption. The District shall take all actions necessary to assure the exclusion of interest on the Notes from the gross income of the owners of the Notes to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date.

(f) Small Issuer Exemption from Bank Nondeductibility Restriction. The District hereby designates the Notes for purposes of paragraph (3) of Section 265(b) of the Tax Code and hereby covenants that (i) the Notes do not constitute private activity bonds as defined in Section 141 of the Tax Code, and (ii) not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Tax Code) from gross income for federal income taxes (excluding, however, private activity bonds, as defined in Section 141 of the Tax Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Tax Code), including the Notes, have been or shall be issued by or on behalf of the District, including all subordinate entities of the District, during the calendar year 2003.

(g) Exemption from Rebate Requirement. The District is a governmental unit with the power to impose taxes of general applicability which, when collected, may be used for general purposes of the District; the Bonds are not private activity bonds within the meaning of section 141 of the Internal Revenue Code of 1986 (the "Code"); and ninety-five percent (95%) of the Net Sale Proceeds of the Bonds are to be used for local governmental activities of the District. The aggregate face amount (or, issue prices, in the case of issues with a net original issue discount or net original issue premium in excess of two percent (2%) of the principal amount of the issue, excluding original issue premium used for reasonable underwriter's compensation) of all tax-exempt obligations (other than private activity bonds as defined in section 141 of the Code) issued by the District, including all subordinate entities of the District and all entities which may issue obligations on behalf of the District, during the calendar year during which the Bonds are being issued, is not reasonably expected to exceed \$15,000,000, of which no more than \$5,000,000 is for other than the construction of public school facilities, excluding, however, that portion of current refunding obligations having a principal amount not in excess of the principal amount of the refunded obligation. By reason of the statements set forth in this subparagraph, the District will not rebate excess investment earnings, if any, to the federal government.

**Section 16. The Official Statement.** The Official Statement, the Official Notice of Sale and the Bid Form are approved for distribution in the offering and sale of the Notes. The District's Financial Advisor, on behalf of the District, is authorized and directed to cause the Official Statement, Notice of Sale and Bid Form to be distributed to such municipal bond broker-dealers, to such banking institutions and to such other persons as may be interested in purchasing the Notes therein offered for sale, and to cause the Notice of Intention for the sale of the Notes to be published at least 15 days prior to date set for the sale of the Notes. The Assistant Superintendent, Business Services is authorized and directed to execute the Official Notice of Sale on behalf of the District and to call for bids for the sale of the Notes and to accept the best bid for the purchase of the Notes received on behalf of the District.



**Section 17. Covenants and Warranties.** It is hereby covenanted and warranted by the District Board that all representations and recitals contained in this Resolution are true and correct, and that the District Board has reviewed, or caused to be reviewed, all proceedings heretofore taken by the District Board relative to the authorization of the Notes and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required of the District Board by law to exist, happen and be performed by the District Board precedent to and in the issuance of the Notes have existed, happened and been performed in due time, form and manner as required by law, and the District Board is duly authorized to incur indebtedness in the manner and upon the terms provided in this Resolution.

**Section 18. Indemnification.** The District Board agrees to indemnify, defend and save the County (including its officers, agents and employees) harmless against any and all liabilities, costs, expenses, damages and claims which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its active negligence or bad faith.

\*\*\*\*\*

I hereby certify that the foregoing resolution was duly adopted at a meeting of the Board of Trustees of the Victor Valley Union High School District held on the 8th day of May, 2003, by the following vote:

AYES, and in favor of, Boardmembers: 4

NOES, Boardmembers:

ABSENT, Boardmembers: 1

  
\_\_\_\_\_  
President of the Board

**RESOLUTION NO. 03-51****RESOLUTION OF THE BOARD OF TRUSTEES OF THE VICTOR VALLEY UNION  
HIGH SCHOOL DISTRICT EXPRESSING INTENT TO PROCEED WITH ISSUANCE OF  
TAX AND REVENUE ANTICIPATION NOTES AND APPROVING AGREEMENTS WITH  
CONSULTANTS.**

WHEREAS school districts organized and existing under the laws of the State of California are authorized by Article 7.6 (commencing with Section 53850) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the "Law") to borrow money by the issuance of temporary notes, the proceeds of which may be used and expended for any purpose for which the school district is authorized to spend moneys; and

WHEREAS, the Board of Trustees (the "District Board") of the Victor Valley Union High School District (the "District") has determined that it is desirable that the District borrow funds for authorized purposes of the District, and to issue notes (the "Notes") under the Law for that purpose; and

WHEREAS, the District required financial and legal expertise in order to issue the Notes.

NOW, THEREFORE, BE IT RESOLVED by the District Board as follows:

Section 1. Recitals True and Correct. All of the recitals herein set forth are true and correct, and the District so finds and determines.

Section 2. Intent to Proceed with Issuance of Notes. The District Board hereby directs District staff to proceed with the necessary activities and actions to carry out the District Board's intent to issue Notes.

Section 3. Engagement of Consultants. The District Board hereby approves the Agreement for Bond Counsel Services with JONES HALL and the Agreement for Financial Advisory Services with SCHOOL FACILITIES FINANCE LLC. The President or Vice President of the Board or the Superintendent of the District are hereby directed to execute such agreements on behalf of the District.

I hereby certify that the foregoing resolution was duly adopted at a meeting of the Board of Trustees of the Victor Valley Union High School District held on the 8<sup>th</sup> day of May, 2003, by the following vote:

AYES, and in favor of, Board members: 4

NOES, Board members:

ABSENT, Board members. 1

  
\_\_\_\_\_  
President of the Board